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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 000384

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TAGS: [PGOV](#) [PHUM](#) [SOCI](#) [CH](#)  
SUBJECT: BEIJING BANS LOCAL-LEVEL LOBBYISTS; FEW PACKING  
BAGS

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Classified By: Deputy Political Section Chief  
Ben Moeling. Reasons 1.4 (b) and (d).

11. (C) Summary: China's State Council is moving to close the thousands of local government representative offices in Beijing. Notorious for giving lavish gifts in exchange for central government pork-barrel spending in their districts, local government representatives, according to several contacts, have become too great an embarrassment for the Communist Party. A State Council "opinion" document issued January 19 is expected to result in the closure of hundreds of county-level representative offices in Beijing. The large provincial representative offices are expected to remain. Media commentators expressed skepticism and noted that past reform efforts have failed to stem the growth of local government representative offices, which now number an estimated 5000. Post contacts also predicted that local representatives would repackage themselves as business enterprises and remain in place. A central government cadre told us that the proliferation of local government representative offices is a symptom of the concentration of power and resources in Beijing. However, another well placed contact predicted that the central government would enforce the order with budget rules to prevent local governments from spending any money in Beijing.

China's K Street: Lobbyist by Day, Jailer by Night  
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12. (U) According to 2006 statistics cited in the February 8 edition of China Newsweek, Beijing has 927 officially registered provincial and local government representative offices. The magazine also noted unofficial estimates that, if unregistered county-level and sub-county-level representative offices are included, the actual number is over 5,000. Representative offices have several functions including lobbying for central government funding and handling logistics when local leaders (or their spouses or children) visit Beijing. Representative offices have also played a central role in detaining and returning home petitioners from their districts who come to Beijing to present their grievances to the central government. Some representative offices are reported to operate "black jails," a term in common use in China which refers to extralegal detention centers where petitioners are held until they can be sent home.

¶3. (U) Local government representative offices represent an industry unto themselves in China's capital. In addition to their official functions, many also run restaurants and hotels, both to entertain visiting leaders and to generate revenue to cover the office's expenses. According to one news report, the 50 provincial-level representative offices in Beijing alone employ approximately 2,000 government employees and another 7,000 restaurant and hotel workers. Beijing also has a newspaper ([www.zhujingban.cn](http://www.zhujingban.cn)) that caters exclusively to representative offices.

#### County-Level Rep Offices Forced to Close

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¶4. (U) On January 19, the State Council issued a document, "Opinion for Strengthening and Regulating the Management of Local Government Representative Offices in Beijing," announcing new measures to regulate representative offices in the capital. The document calls for the elimination of all Beijing offices at or below the county level. Beijing's 50 provincial-level representative offices, which in addition to provincial governments also include major metropolitan areas such as Shanghai, Chongqing and Tianjin, will stay. The document also outlines exceptions for representative offices of the Xinjiang Production and Construction Corps (the quasi-military "bingtuan") and special economic zones. Also, some local governments will be allowed to maintain representative offices at the discretion

BEIJING 00000384 002 OF 003

of provincial authorities. The document warns that provincial and local governments must increase oversight of their representative offices, ensure they conform with anti-corruption efforts, and halt lavish entertaining. In remarks to the press a State Administration for the Affairs of State Council Organs official announced that before July 19 of this year, 436 local government representative offices and an additional 146 offices representing functional departments within local governments would be closed. (Note: These figures appear to only refer to registered offices and it is unclear how central authorities will deal with the many unregistered offices in Beijing.)

100K for Bathtub Hooch

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¶5. (SBU) The seedy side of rep offices was highlighted in April 2009 when news broke that the Beijing representative offices of Xuchang and Luohe, two cities in Henan province, together spent USD 100,000 to purchase 777 bottles of Maotai liquor, a favorite gift among Party cadres. The alcohol turned out to be counterfeit and the representative offices contacted Beijing city authorities to investigate. The phony Maotai story prompted a media and Internet debate about the practice of representative offices using expensive gifts to curry favor among central government bureaucrats. Even prior to the Maotai scandal, public interest in representative offices had increased due to the popularity of a series of novels, first published in 2007, that centered around a candid depiction of the life of a Beijing representative for a fictitious city. (Note: Following the January 19 State Council notice, the author, Wang Xiaofang, a former aide to a deputy mayor of Shenyang who was later jailed for corruption, became a sought-after media commentator on the representative office system.)

Who Will Be Left to Lock Up Petitioners?

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¶6. (SBU) Media commentators expressed doubts about the plan to rid Beijing of local representative offices. An editorial in the January 28 edition of Southern Weekend (Nanfang Zhoumo) noted that there have been several failed attempts in the past to regulate the offices. The State Council, the article notes, issued a nearly identical order in 1990, only to watch the number of rep offices explode from 309 in 1990 to the estimated 5,000 today. Representative office directors interviewed by China Newsweek noted that the central government depends on them to deal with petitioners and that social order in the capital will suffer after the offices close: "...once the petitioners increase," one representative told the magazine, "(the central government) will regret it."

"Just Pushing It Underground"  
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¶7. (C) Several Embassy contacts also expressed skepticism that the thousands of local rep offices could really be closed. Mou Guangfeng (protect), Director General for Environmental Impact Assessment at the Ministry of Environmental Protection, told PolOff January 29 that he did not think the policy would succeed. The various representative offices, he said, would simply be forced "underground" and local governments would continue to have representatives in the capital, even if they had to operate out of hotel rooms. Mou said the rep office phenomenon was a symptom of the over-centralization of power and budget resources in China.

¶8. (C) Liu Xiaoyuan (protect), a human rights lawyer, likewise predicted the crackdown effort would ultimately fail. Many county-level representative offices, he told PolOff February 2, would continue to function under the guise of business enterprises. In addition to lobbying and rounding up petitioners, Liu said, representative office workers also act as personal assistants for visiting local leaders and their families, including the children of local party secretaries studying at

BEIJING 00000384 003 OF 003

Beijing-area universities. (Note: During a May 2009 meeting with PolOff (reftel), the Party Secretary of Hulunbeier (protect), Inner Mongolia, stressed the importance of his city's Beijing representative office in winning a central government funding for large infrastructure projects in his district. Though in Beijing for a private visit to see his son, a senior at Renmin University, the Party Secretary was chauffeured in a government car by staff from his city's rep office. End note.) Such blatant personal use of government resources has sparked public ire, Liu said, and the damage done to the Communist Party's image was the main reason central leaders are moving to clean up the representative office system. Provincial governments, Liu said, are supportive of the reform because it will increase their power over local officials, who will be forced to work through the provincial representative offices when interacting with the central government.

Central Government Means Business This Time  
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¶9. (C) In a February 3 conversation with PolOff, Deputy Director of the State Bureau of Foreign Experts Zhang Jiangguo (protect) agreed with other contacts that corruption was the main reason central

authorities wanted to close the local representative offices. Party leaders also want to diminish the role of local government lobbying in the budgetary process. Zhang said the Bureau of Foreign Experts (which not only controls the hiring of foreign consultants for Chinese government entities but also the distribution of official scholarships for Chinese cadres to study overseas) worked regularly with provincial representative offices but would not deal with county- and city-level offices. Zhang predicted the January 19 edict would result in "nine out of ten" local representative offices in Beijing being closed. Acknowledging that past efforts had failed, Zhang said that this latest attempt would succeed because the central government would enforce the closure order with directives explicitly forbidding local government from spending any funds on offices or representational activities in Beijing. Even so, Zhang said, some local governments would inevitably attempt to maintain their representative offices by registering them as companies.

HUNTSMAN